



CPUC Public Agenda 3352
Thursday, February 26, 2015 9:30 a.m.
San Francisco, CA



Commissioners:
Michael Picker, President
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Liane M. Randolph

www.cpuc.ca.gov





The Pledge of Allegiance



“I pledge allegiance to the Flag of the
United States of America,
and to the Republic for which it stands,
one nation under God,
indivisible,
with liberty and justice for all.”





Safety and Emergency Information

- In the event of an emergency, please calmly proceed out the exits.
- We have four exits: Two in the rear and one on either side of the speakers.
- In the event that we do need to evacuate the building:
- **(For the Rear Exits)** - Head out through the courtyard, and down the front steps. Continue west on McAllister Street. Turn north onto Franklin Street. Turn west onto Turk Street and proceed to Gough Street.
- **(For the Side Exits)** - Go out of the exits and you will be on Golden Gate Avenue. Proceed west to Franklin Street. Turn north onto Franklin Street. Turn west onto Turk Street and proceed to Gough Street.
- Our assembly point is Jefferson Square Park on Turk and Gough Streets.





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

The following items are NOT subject to Public Comment:

- All items on the Closed Session Agenda





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- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
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Public Agenda Changes

- Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.
- Items on Today's Consent Agenda are: **1, 4, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, and 22.**
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **Item 26** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- No Item has been moved to the Regular Agenda.
- **Item 5** has been withdrawn.
- The following items have been held to future Commission Meetings:
 - Held to 3/12/15: **3, and 19.**
 - Held to 3/26/15: **2, 2a, and 7.**





Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov.
- Late changes to agenda items are available on the Escutia Table.





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item #23 [13647]

**Report and Discussion by Safety and Enforcement
Division on Recent Safety Program Activities**





Crude Oil, Ethanol Railroad Shipments Update and Safety Activity



Paul King, PhD
Deputy Director, Office of Rail Safety
Safety and Enforcement Division
California Public Utilities Commission

February 26, 2015





Presentation Overview

- Review/update on oil-train and ethanol-train accidents.
- Rich Bar derailment, November 25, 2014.
- Governor's Interagency Working Group.
- PHMSA/FRA NPRM on crude oil and ethanol train safety.
- First shipments into Plains All American facility west of Bakersfield.





Crude-oil tank car accidents

July 2013, Lac-Mégantic,
Quebec

October 2013, Gainford,
Alberta

November 2013, Aliceville,
Alabama

January 2014, Plaster Rock,
New Brunswick

April 2014, Lynchburg, Virginia

May 2014, La Salle, Colorado



December 2013, Casselton,
North Dakota





Ethanol tank-car accidents

June 2009, Cherry Valley, Illinois

February 2010, Tehachapi, California

February 2011, Arcadia, Ohio

October 2011, Tiskilwa, Illinois

July 2012, Columbus, Ohio



August 2012, near Plevna, Montana





February 4, 2015
near Dubuque, Iowa



February 14, 2015
near Timmons, Ontario





February 16, 2015
Mount Carbon,
West Virginia





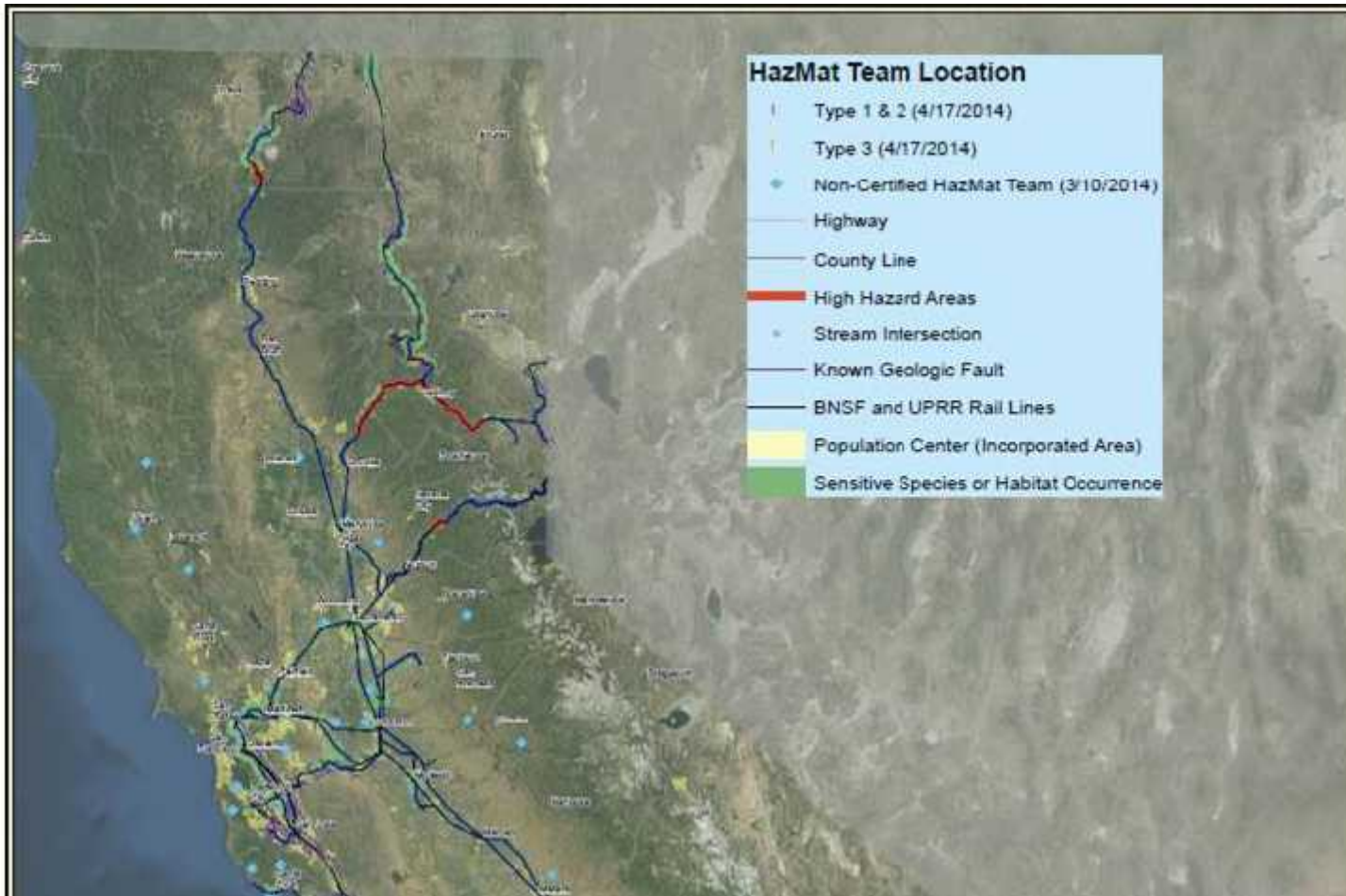
November 25, 2014
Rich Bar, Feather River Canyon





June 5, 2014
Rich Bar, Feather River Canyon





Northern California High Hazard Areas

Defined by 1) the statistical analysis of historic derailment locations, and 2) operating rule restrictions.





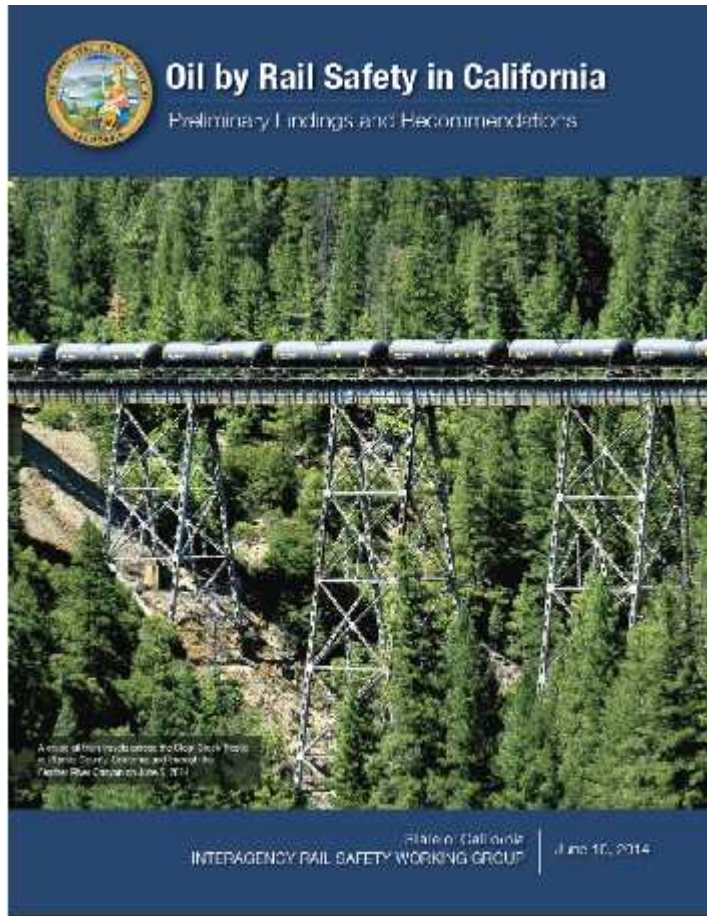
Southern California High Hazard Areas

Defined by 1) the statistical analysis of historic derailment locations, and 2) operating rule restrictions.





Governor's Interagency Working Group on Oil-by-Rail



- To examine safety issues relating to the increased transport of crude oil by rail into California.
- To explore what actions the state can and should take.
- To enhance inter-agency communication and cooperation.
- Consists of California State agencies that might take action.
- Report issued June 10, 2014





PHMSA Notice of Proposed Rulemaking Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains

Joint CPUC – CalOES Comments Supporting Regulations for:

- Classification of mined gas and liquids.
- Risk-based rail routing.
- Notification of crude-by-rail shipments to State Emergency Response Commissions.
- Speed restrictions.
- Electronically controlled pneumatic brakes and the PHMSA-FRA designed car.
- Phase out DOT-111 cars according to the proposed schedule or sooner.





Joint CPUC – CalOES Comments: Benefits of Electronically-Controlled Pneumatic (ECP) Brakes

- Shorter stopping distances - reduced by up to 70 percent.
- Brake signal transmission rate is increased.
- Brake application rate increased.
- In a derailment, brake application stops other cars faster, reducing the potential for them to derail.
- Graduated brake release - instead of full release with and potential loss of braking air pressure.
- Constant charging of reservoirs to prevent depletion of braking air pressure and loss of brakes.
- Reduction of undesired emergency brake applications.





Comments: Benefits of ECP Brakes (cont.)

- Improved train handling.
- Reduction of excessive in-train forces and the resultant derailment forces.
- Less brake shoe and wheel wear.
- Reduced fuel consumption.
- Information on the condition of the braking system is continuously available.
- Reduction of delays on steep grades, since brake cylinder air pressure retaining valves on cars would no longer need to be set and reset.





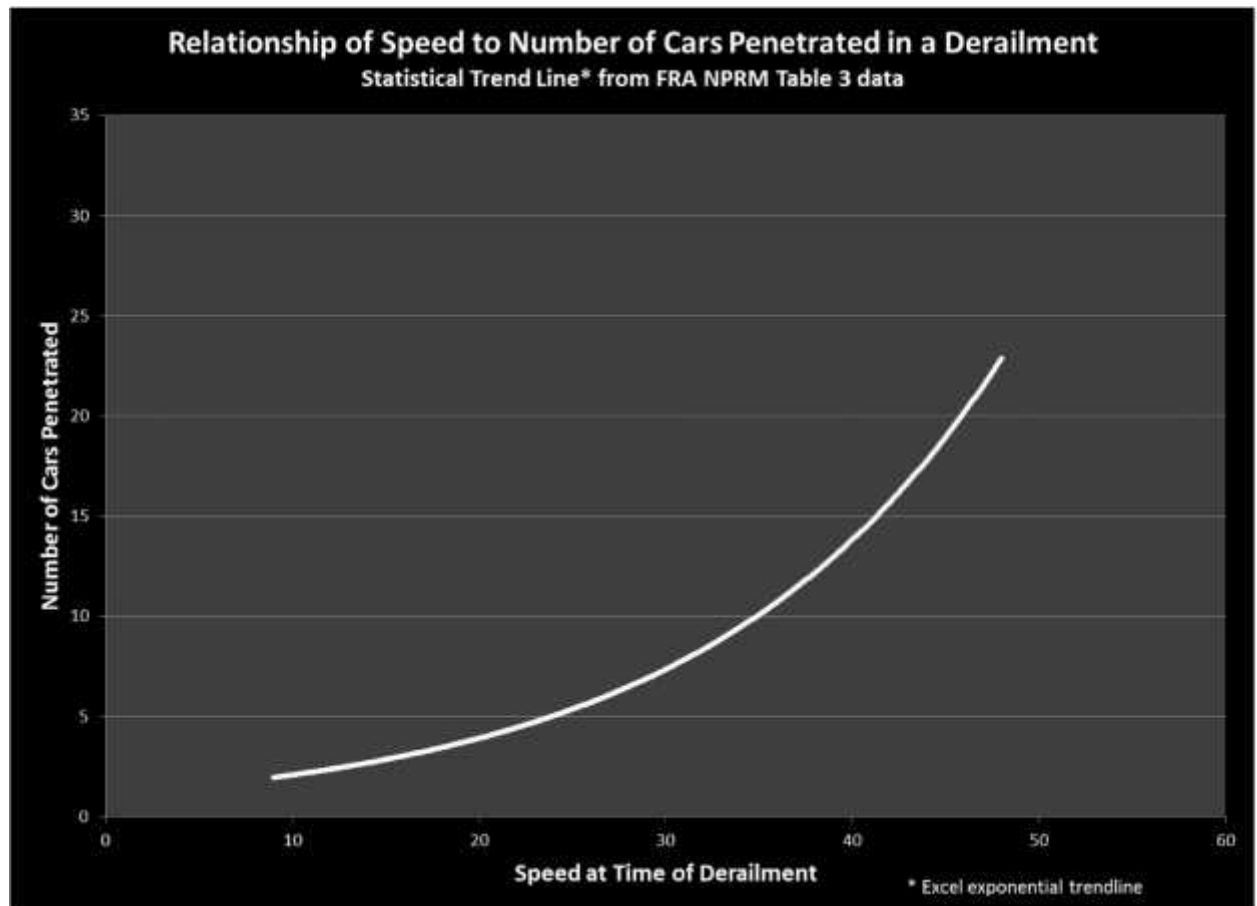
Comments: Tank car wall thickness

- “Old car,” DOT-111 wall thickness = 7/16”
- “New car,” CPC-1232 wall thickness = 7/16”
- PHMSA/FRA design car wall thickness = 9/16”
- Increase was seen as part of the remedy for LPG tank car explosions in the 70’s.
- Increase can provide protection greater than the proportional increase.





Comments: Train speed





Crude-Oil Recon Team

- Dating back to the Lac-Megantic tragedy.
- Railroad Operations and Safety Branch created a team to monitor shipments and seek new crude-oil facilities.
- Oversaw the rehabilitation of the old Buttonwillow/Sunset Branch line from Bakersfield to near Taft, now San Joaquin Valley Railroad.
- Upgrades included changing from circa 1895-1897 75-80 lb. rail to new 2013 136 lb. rail.
- Ensured compliance with CPUC regulations.
- Spent Thanksgiving Day shadowing the first crude-oil trains to the new facility.





Buttonwillow/Sunset Branch, SJVRR rail



75 lb./yard, made 1987



136 lb./yard, made 2013





Plains All-American Crude-Oil Facility, near Taft





First Shipment to Plains All-American Facility
November 27, 2015





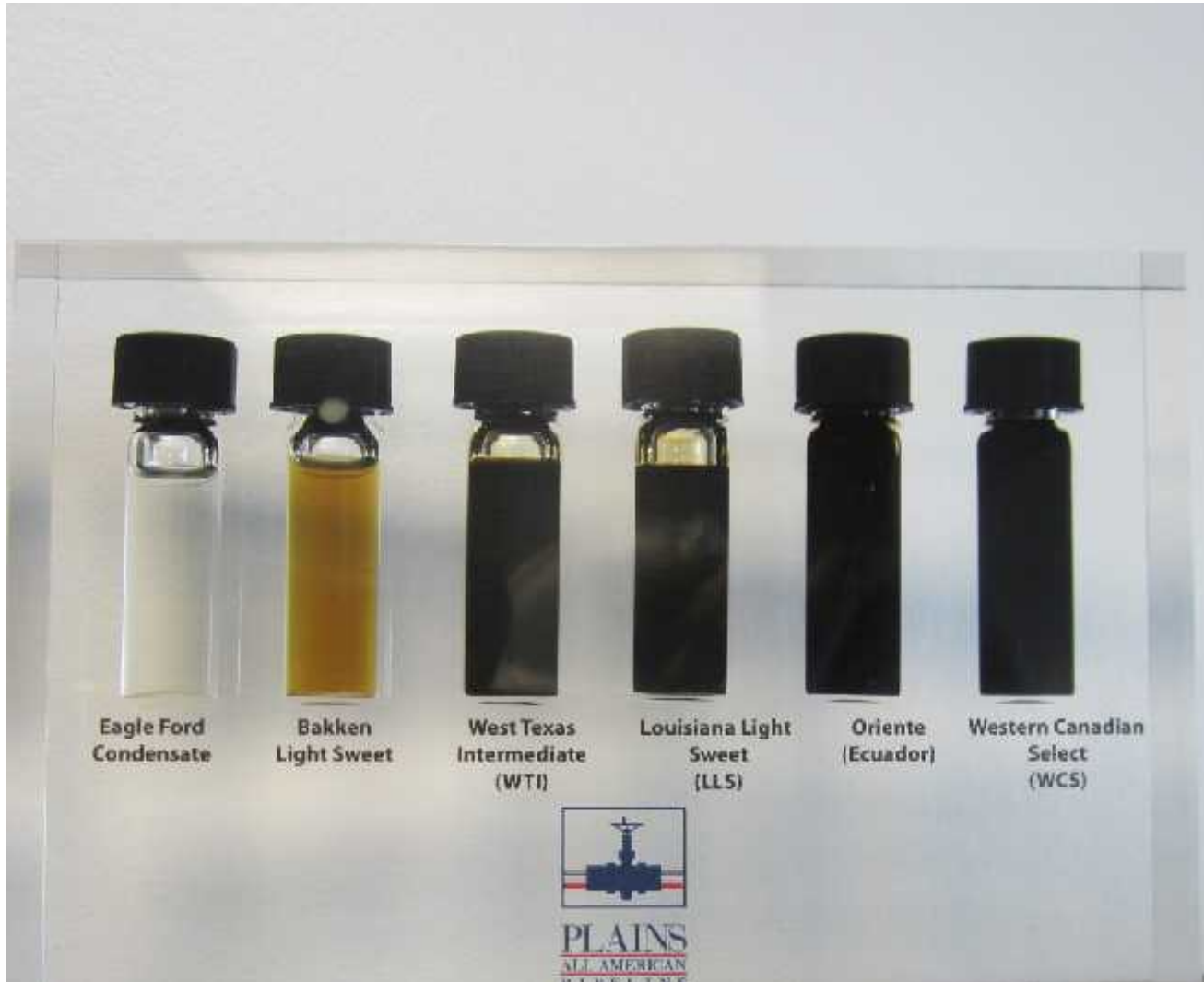
First Shipment to Plains (cont.)





Plains All-American Unloading





Crude oil samples





Tehachapi Loop





Regular Agenda – Management Reports and Resolutions

Item #23 [13647]

**Report and Discussion by Safety and Enforcement
Division on Recent Safety Program Activities**





Management Reports





Regular Agenda – Management Reports and Resolutions

Item #25 [13723]

**Energy Division Management Report on
President Picker's Assigned Commission Ruling in
Rulemaking 14-08-013 on
Distribution Resource Plan Guidance**





Rulemaking 14-08-013

Distribution Resources Plan (DRP)



Energy Division Report to Commission

February 26, 2015

Rulemaking Pursuant to AB 327/ Public Utilities Code § 769





Key Dates

- January 2014 – AB 327 (Perea, 2013) established PU Code Section 769 that requires the utilities to file Distribution Resources Plans by July 1, 2015.
- August 2014 – R. 14-08-013 opened to implement Sec. 769.
- February 2015 – President Picker issued ACR “Final Guidance” to the IOUs that specifies DRP contents and structure. Draft Guidance was issued 11/2014 for stakeholder input.
- February through June 2015 – Energy Division staff expects to check in with IOUs to track progress and issues preparing Applications. Potential workshops on data availability and cross-coordination issues.
- July 2015 - Distribution Resources Plans will be filed as Applications.





What Are Distribution Resources Plans (DRPs)?

- The DRPs will define “optimal locations” for distributed energy resources (DER) on the distribution system.
- The DRPs will identify barriers to DER and recommend tariffs, propose coordination of programs and identify potential GRC spending related to DER deployment.
- The DRPs are focused on streamlining and lowering the cost of DER deployment.





How do DRPs support Commission goals?

- Modernize the electric distribution system to accommodate two-way flows of energy and energy services throughout the IOUs' networks.
- Enable customer choice and competitive provision of new technologies and services that reduce emissions and improve reliability in a cost efficient manner.
- The DRPs will support targeted GRC investment and cost-effective “plug and play” interconnection.





Regular Agenda – Management Reports and Resolutions

Item #25 [13723]

**Energy Division Management Report on
President Picker's Assigned Commission Ruling in
Rulemaking 14-08-013 on
Distribution Resource Plan Guidance**





Management Reports





California Solar Initiative (CSI) Audit Results



Sara Kamins
Supervisor, Customer Generation Programs
California Public Utilities Commission

February 26, 2015





California State Auditor Report Overview

- Purpose of the audit was to determine:
 - The extent to which the **goals of the CSI** are being achieved
 - How much the **programs have cost the State** compared to the **benefits achieved**
 - **Geographic locations** where incentives were provided and locations where benefits were received
 - Whether the incentives received were used equally across the State, in terms of geographic location and **demographic characteristics**





California Solar Initiative Overview

- CSI photovoltaic programs (\$2.4 billion budget)
 - To install 1,940 MW of new solar generation capacity by 2016 and create self-sustaining solar market without the need for subsidies
 - Includes general market, single and multi-family low income, and RD&D programs
- CSI Thermal programs: (\$250 million budget)
 - To install ~200,000 solar water heating systems; would displace 22.6 million therms of gas and 275.5 million kwh of electricity annually
 - Includes multifamily/commercial, residential, and low-income programs





Audit Conclusions – CSI achieving main goals

- Primary statutory goals will be met
- Secondary statutory goals are partially met or unquantified
- Three audit recommendations – two for CPUC and one for Legislature

GOALS*	STATUS
Primary	
Install solar energy systems with a generation capacity equivalent to 1,940 megawatts by 2016	LIKELY WILL BE ACHIEVED. We determined that the California Solar Initiative (solar initiative) will likely meet the megawatt goal by 2016.
Establish a self-sufficient solar industry	ACHIEVED BUT TENTATIVE. A 2014 consultant's study determined that the solar initiative drove significant progress toward overcoming the market barriers identified by the California Public Utilities Commission (commission). However, the solar industry's long-term sustainability may be at risk.
Secondary	
Allow participants to make cost-effective investments in solar energy systems	PARTIALLY ACHIEVED. A 2011 consultant's study determined that between 2008 and 2020 the solar initiative was and will be consistently cost-effective for residential participants; however, the solar initiative will not be consistently cost-effective for nonresidential participants until 2018.
Provide additional system reliability for the electricity grid	UNKNOWN. A 2013 consultant's study determined that, although impacts of solar energy systems on the electricity grid appear minimal, the commission and the utilities have not quantified those impacts adequately.
Contribute to pollution reduction benefits	UNKNOWN. Although a 2010 consultant's study documented pollution emission reductions, it did not tie these reductions to related benefits, such as cleaner air or fewer health problems.

Source: Audit, page 16



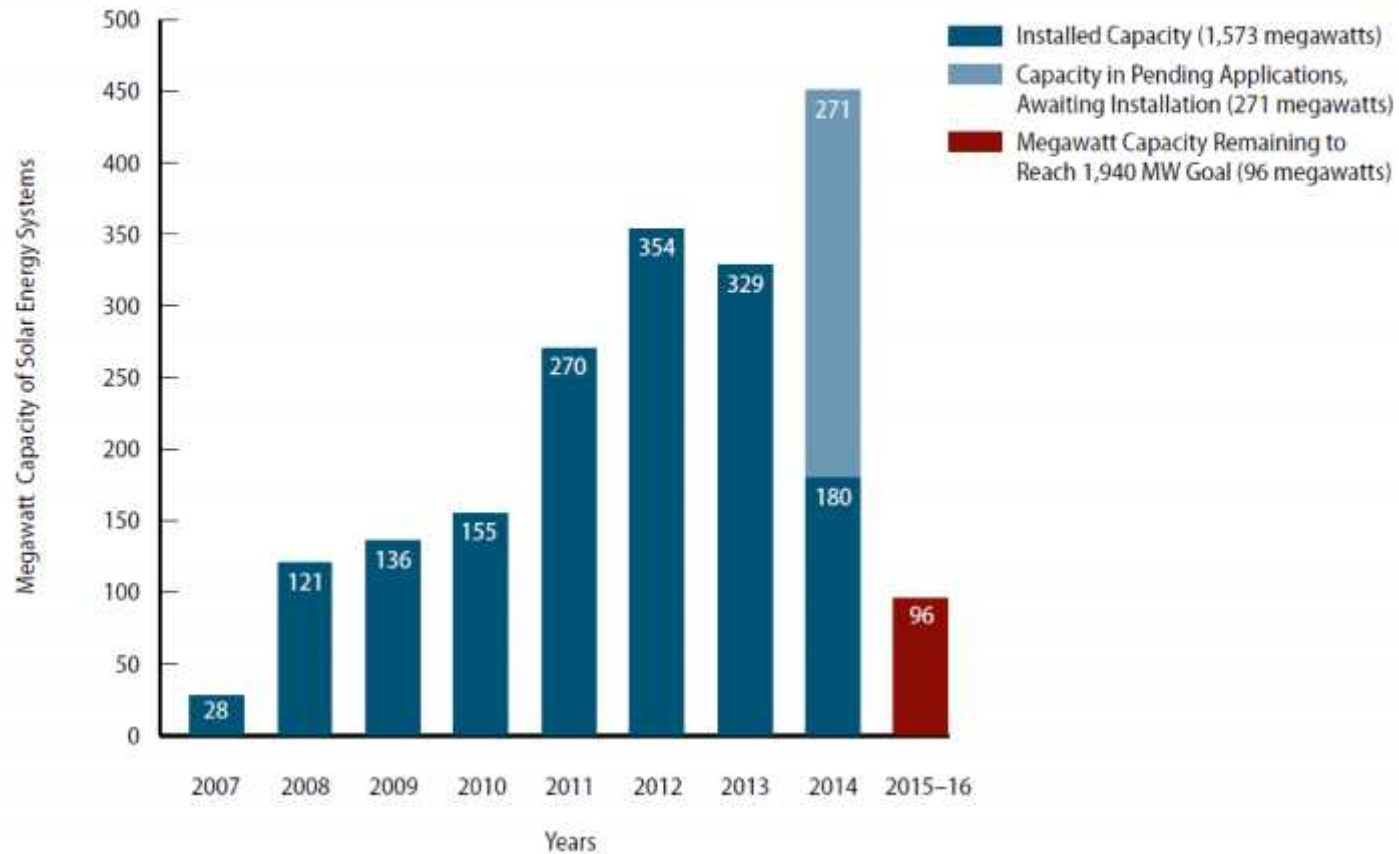


Primary Goal #1

CSI is On Track to Meet 1,940 MW Goal

Figure 1

The California Solar Initiative's Megawatt Capacity of Installed and Pending Solar Energy Systems
2007 to 2016



Source: Audit, page 17

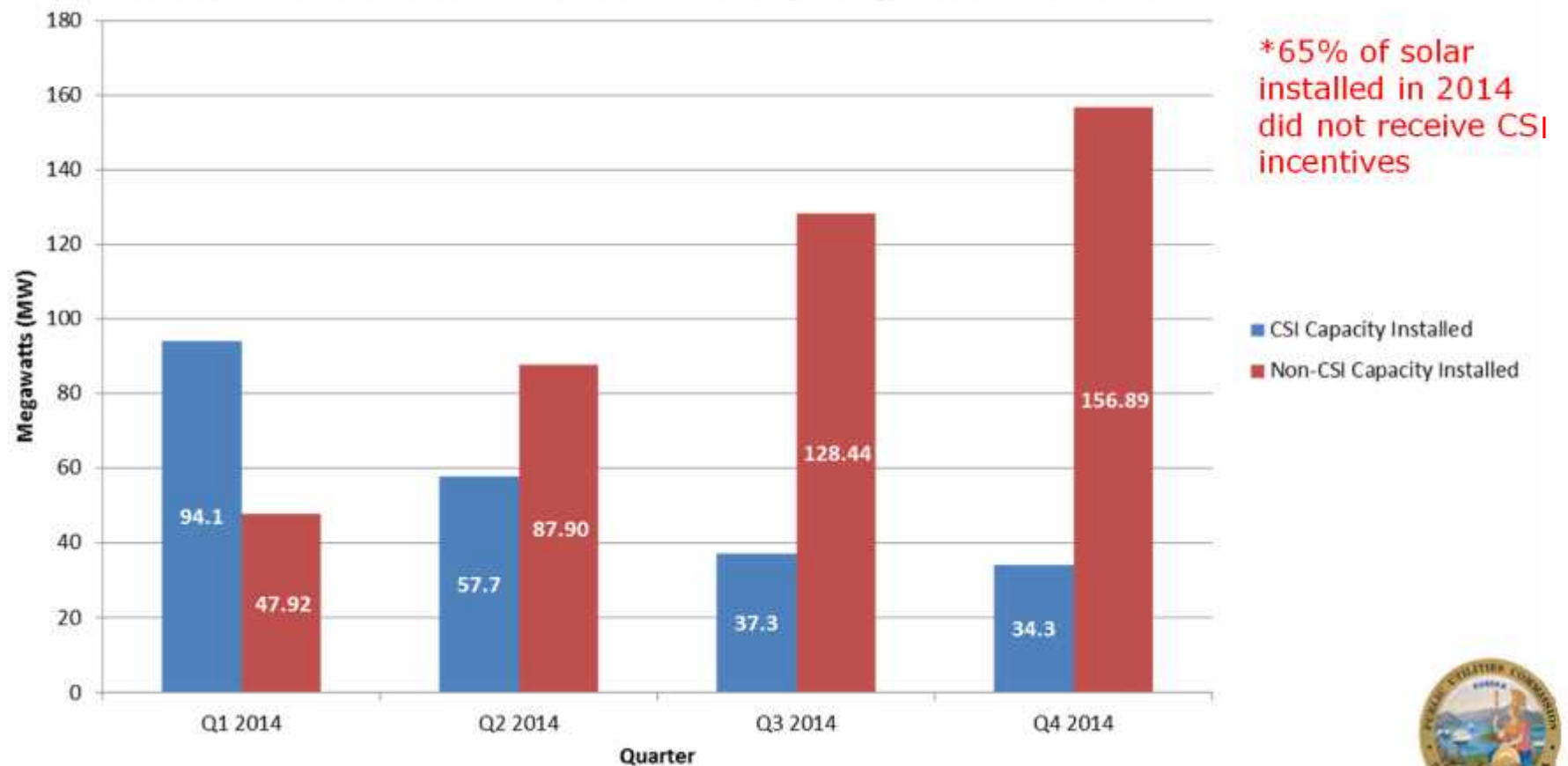




Primary Goal #2

CSI was Instrumental in Market Transformation

2014 NEM-Interconnected Solar PV Capacity : CSI vs. Non-CSI



Source: Energy Division





Some Goals Partially Met or Unknown

- **Cost-effectiveness:** Solar is cost effective for residential participants but not yet for nonresidential participants
 - 2011 consultant study found it was already cost effective for residential customers, who benefit from higher monthly electricity savings – and would continue after CSI.
- **System reliability:** CSI impacts on the state's electricity grid are not quantified adequately but appear minimal
 - Utilities do not have appropriate tools to collect and evaluate systematically the data, or formal R&D needed
- **Air pollution:** CSI pollution reduction benefits are not quantified
 - 2010 consultant study quantified a 56 ton reduction in particulate matter and oxides of nitrogen (small amount relative to 557,000 tons and 848,000 tons emitted statewide)
 - CPUC study did not translate emission reductions in to measurable benefits, related to health or clean air





Other Findings

- **Costs/benefits:** Because utility customers fund the CSI, costs to the State are minimal
- **Geographic distribution for PV:** 53 of 56 IOU counties received incentives. Top five (generally most populated) – Los Angeles, San Diego, Riverside, Santa Clara, San Bernardino
- **Geographic distribution for Thermal:** 44 IOU counties. Top five counties - Los Angeles, San Diego, Alameda, San Francisco, Riverside
- **Demographic distribution:** CSI tends to serve Californians with higher incomes
 - Based on a sample of 72 out of 86,848 residential participants





CPUC Agrees with Audit Recommendations

1. Independent evaluator should study the \$50 million CSI RD&D program to determine whether it contributes to the solar initiative goals
 - CPUC agrees that we should now conduct the program evaluation
 - Auditor found that RD&D program generally supported CSI goals
2. Despite the Commission's efforts, the Thermal program will not install enough solar water heating systems by late 2017 to meet its goals
 - CPUC agrees, as stated in January 2014 CPUC report to Legislature
3. To show how air pollution emissions reductions related to the CSI benefit the State, CPUC should include in future reports the measurable benefits of those reductions
 - CPUC will consult with ARB/CEC to determine appropriate methodology to translate pollution reductions into State benefits





Management Reports





2014 LEGAL DIVISION STATUS REPORT



Legal Division

February 26, 2015





“Civility” Oath Rule Adopted by the Supreme Court

With the adoption of the new rule, the entire oath to be taken upon the admission to practice law will now be as follows:

“I solemnly swear (or affirm) that I will support the Constitution of the United States and the Constitution of the State of California, and that I will faithfully discharge the duties of an attorney and counselor at law to the best of my knowledge and ability. As an officer of the court, I will strive to conduct myself at all times with dignity, courtesy, and integrity.”





**Interim General Counsel Position- Up to 12 months, 3/1/14 - 2/28/15
Transition period to be concurrent with General Counsel Search
process**

Approved Scope of Work:

- Implement Best Practices for Legal Services, including attorneys, paralegals, and legal secretaries, in state government.
- Research Best Practices for largest state employer of attorneys, including the Department of Justice, Attorney General, Office of Administrative Courts and the State Bar of California.
- Implement best human resource management practices, enforce existing policies including telecommuting, performance appraisals, individual development plans, and duty statements.





- Develop user friendly templates for case management logs, client service memoranda, and guidance on conflicts and other legal advice.
- Implement as mandated by the legislature, zero based budgeting accountability and “fresh look” principles.
- Provide agency wide human resource management advice and counsel and oversee outside counsel.
- Provide management training and instruction to current legal management team
- Develop a succession plan for retirements and attrition
- Implement quarterly mandatory continuing legal education on a regular schedule on ethics, commission conflicts, and commission subject matter areas.





- Provide on-going legal advice to Commissioners and Staff
- Manage, supervise, and oversee Assistant General Counsels, Attorneys, and support staff
- Spearhead strategic planning to develop proposals for best structure for providing most ethical, efficient, and client friendly legal services, including holding focus groups with all stakeholders, consistently soliciting input and feedback from Commissioners, Executives, Directors, and Legal Division staff, in order to make recommendations to Commission for adoption
- Assist as directed by Commissioners in the search process, providing examples of General Counsel duty statements, search firms, legal recruitment, etc.
- Assist the new General Counsel with the transition as directed by the Commission





Strategic Planning 10 Step Process and Timeline

- Spearhead strategic planning to develop proposals for best structure for providing most ethical, efficient, and client friendly legal services, including holding focus groups with all stakeholders, consistently soliciting input and feedback from Commissioners, Executives, Directors, and Legal Division staff, in order to make recommendations to Commission for adoption

- 1.Introduce SMARTIE approach to strategic planning for Legal Division (March and ongoing)

- 2.Research with Assistant General Counsels the Legal Division organizational history (March)

- 3.Meet with all attorneys, paralegals, and steno staff (March)





4. Research with AGCs and attorneys what similarly situated state agencies do about advisory, advocacy, enforcement, and administrative role separation and ethical issues. (March-May)
5. Conduct initial survey of clients and other stakeholders regarding concerns, suggestions, opinions, client satisfaction issues. (June)
6. Conduct focus groups of stakeholders, including Legal Division and Industry staff and Commissioners based upon the survey results. (June-August)





7. Develop a draft organizational structure and chart that addresses ethical, legal, human resource management, and client mandates with the AGCs (September)
8. Present proposal to Commission for input, revision, and adoption (September-October)
9. Implement the new structure, tweak as necessary, work with human resources and CalHR to ensure job classifications are approved as needed (October-February 28, 2015)
10. Public presentation of Legal Division reform at Commission meeting regular agenda (November 2014)





Strategic Planning: Using the SMARTIE approach to Legal Division Organizational Structure and Work Product:

S-Strategic, specific

M- Measureable/metrics

A-Achievable

R-Realistic, relevant, rules-based

T-Timely, timeline

I-Integrity

E-Ethics





Zero Based Budgeting

Performance-Based Budgeting

Audits





- Advisory
- Enforcement
- Advocacy
- Administrative Support





REHEARINGS

End of Year Pending

2014	30
2013	52
2012	56
2011	56
2010	63





REHEARINGS Pending in Abeyance

2014	11
2013	5
2012	3
2011	5
2010	10





REHEARINGS Pending in 2014

- 30 pending rehearings
- 11 are in abeyance
 - 4 involving energy efficiency (2009-2010);
 - 5 involving PG&E PSEP (2013)
 - 1 involving Telco Services (2008)
 - 1 involving Newhall (2014)
- Except for the 2014 case, rehearing memos and proposed orders have been prepared for these rehearing applications that are in abeyance.





REHEARINGS

<u>Number of Filings</u>	<u>Still Open</u>
2010 54	1
2011 51	1
2012 43	3
2013 42	7
2014 43	19





Management Reports





**The CPUC Thanks You
For Attending Today's Meeting**

**The Public Meeting is adjourned.
The next Public Meeting will be:**

**March 12, 2015 at 9:30 a.m.
in San Francisco, CA**

